Message Text

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INFO OCT-01 EUR-12 ISO-00 ACDA-12 CIAE-00 INR-07 IO-14 L-03 NSAE-00 NSC-05 EB-08 NRC-07 SOE-02 DODE-00 SS-15 SP-02 EPA-04 INT-05 TRSE-00 OMB-01 /105 W

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INFO AMCONSUL LENINGRAD

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DEPT OF ENERGY FOR DUNNING AND HILL

E.O. 11652: N/A

TAGS: TGEN, ENRG, US, UR

SUBJECT: US-USSR ENERGY AGREEMENT: GAS (08.03)

REF: STATE 8505

1. IN JANUARY 19 MEETING AT MINISTRY OF GAS (MINGAZPROM), SCICOUNS PRESENTED DUNNING LETTER (REFTEL) TO K.S. DEMIDOV AND A. F. BITKOV, CHIEF AND DEPUTY CHIEF OF THE MINSTRY'S FOREIGN RELATIONS DEPARTMENT. SOVIETS STATED, AFTER PRELIMINARY EXAMINATION OF U.S. PROPOSED VISIT, THAT AREAS OF INTEREST AND TIME FRAME WERE ACCEPTABLE. SOVIETS INDICATED THERE SHOULD BE NO PROBLEM IN MINGAZPROM IN COORDINATING VISITS OUTSIDE OF DIRECT MINISTRY PURVIEW, SUCH AS WITH THE ALL-UNION SCIENTIFIC INSTITUTE FOR THE CONSTRUCTION OF PIPELINE. DEMODOV NOTED THAT SOVIETS WOULD PREFER U.S. DELEGATION ARRIVE AS EARLY AS POSSIBLE IN APRIL.

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2. SOVIETS EXPRESSED PLEASURE THAT U.S. INITIATIVE TO REACTIVATE COOPERATION IN GAS, NOTING THAT DECEMBER ENERGY JCM GAVE NEW THRUST TO ENERGY COOPERATION PROGRAMS IN GENERAL, AND THAT O'LEARY/ORUDZHEV DISCUSSION WAS PARTICULARLY HELPFUL. SOVIETS WERE PLEASED THAT PROPOSED U.S. DELEGATION WILL INCLUDE REPRESENTATIVE OF AMERICAN GAS

ASSOCIATION AND FMC AND THAT U.S. PROPOSAL INCLUDES
NEGOTIATION OF A PROGRAM OF FURTHER COOPERATION
DURING VISIT. DEMIDOV NOTED THAT PREVIOUS EXCHANGES
ON GAS RESEARCH WERE LIMITED TO FAMILIARIZATION
VISITS, AND EXPRESSED STRONG HOPE THAT DURING FORTHCOMING U.S. DELEGATION, A PROGRAM OF
COOPERATION COULD BE WORKED OUT. SOVIETS WILL
PREPARE A DRAFT OF A COOPERATIVE PROGRAM AND PROVIDE
IT TO THE EMBASSY WELL BEFORE U.S. DELEGATION
ARRIVES. THEY ASKED WHETHER U.S. DELEGATION COULD
ALSO PROVIDE A DRAFT TEXT BEFORE DELEGATION VISIT,
SO THAT BOTH SIDES WOULD BE BETTER PREPARED FOR
NEGOTIATION OF COOPERATIVE ASSISTANCE PROGRAM DURING VISIT.

3. DEMIDOV SOUGHT SCICOUNS ASSURANCE IN CLARIFYING WORK STATUS OF AGREED PROJECTS. HE NOTED THAT SOVIETS HAD PREVIOUSLY PROPOSED COOPERATION IN SEVEN PROJECT AREAS, ONLY TWO OF WHICH, ENHANCED GAS RECOVERY AND CONSTRUCTION/OPERATIONS IN ARCTIC CONDITIONAS, WERE ACCEPTED BY U.S. AND AGREED. DEMIDOV ASKED WHETHER U.S. CONSIDERS FORTHCOMING DELEGATION AS COVERING THE "ENHANCED RECOVERY" TOPIC OF COOPERATION. SOVIETS WOULD ALSO LIKE TO KNOW STATUS OF U.S. INTEREST IN COOPERATION ON CONSTRUCTION OPERATION UNDER ARCTIC CONDITIONS, WHICH IS NOT LISTED IN DUNNING LETTER. PLEASE ADVISE.

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4. WITH REGARD TO U.S.-EXPRESSED INTEREST IN
OFFSHORE DRILLING, DEMIDOV STATED THAT VISITS TO SOVIET
OPERATIONS IN THE BLACK SEA AND THE SEA OF AZOV COULD BE
EASILY ARRANGED. HE NOTED, HOWEVER, "OFFSHORE
DRILLING" IS SUCH A BROAD TOPIC THAT IT COULD EASILY
CONSUME ALL 10 DAYS OF THE VISIT. DEMIDOV
ASKED WHETHER U.S. COULD SPECIFY WHAT IN
PARTICULAR WOULD BE OF INTEREST, E.G., CONSTRUCTION
OF PLATFORMS, DRILLING OPERATIONS, ETC., SO THAT
ITINERARY COULD REFLECT THESE INTERESTS.
PLEASE ADVISE.

5. SCICOUNS NOTED THA ENERGY JCM HAD ENJOINED ALL WGS UNDER AGREEMENT TO CONSIDER ENERGY CONSERVATION TOPICS FOR COOPERATION. DEMIDOV RESPONDED THAT MINGAZPROM HAS TAKEN COGNIZANCE OF QUESTION BOTH FOR DOMESTIC AND INDUSTRIAL USE OF GAS. HE STATED THIS WOULD BE DETAILED IN SOVIET DRAFT PROPOSALS FOR A COOPERATIVE PROGRAM.

6. COMMENT: WE WERE PLEASED BY THE FORTHCOMING SOVIET

PRELIMINARY RESPONSE TO THE U.S. PROPOSAL FOR A
DELEGATION VISIT IN APRIL. THE DECEMBER JCM
EVIDENTLY SET THE STAGE FOR RAPID MOVEMENT FORWARD
IN AN AREA OF HIGH IMPORTANCE TO BOTH COUNTRIES.
WE BELIEVE THE SOVIET SUGGESTION FOR AN EXCHANGE
OF DRAFT WORKING PROGRAMS HAS MERIT AND WOULD
APPRECIATE DOE COMMENTS, AS WELL AS CLARIFICATION
ON SOVIET QUESTIONS ON PROJECT STATUS AND SPECIFICATIONS
OF OFFSHORE INTEREST.

7. EMBASSY SCIENCE OFFICER PLANS TO ACCOMPANY DELEGATION. MATLOCK

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